

## Montgomery budget gap nearing \$200 million next year, Leggett says

*By Michael Laris*

Montgomery County executive Isiah Leggett (D) has told officials that the county faces a gap of nearly \$200 million in next year's budget--and that national election results earlier this month could make things worse.

The midterm results--namely Republicans' imminent control of the House of Representatives--will "very likely lead to a reduction in federal grants and other aid to the County and the State, reduced federal spending locally, as well as potential reductions in federal hiring and wages," Leggett wrote in a letter to the county council released Thursday. "All of these would adversely affect County income tax and other revenue streams."

Leggett said the \$28 million in lost revenues over two years because of a defeated ambulance fee referendum is just part of the problem. School spending will also need to rise more quickly than expected, Leggett said, adding that it will cost the county \$13.5 million more than originally projected to meet state school funding requirements. Health care costs are also up sharply, adding tens of millions of dollars in unanticipated costs, officials said.

Leggett said he would come forward with a "savings plan" in December detailing proposals for what to do now to get ahead of next year's budget problem. He argued for a sense of urgency by the council, which votes on such potential cuts. In September, the Leggett administration had estimated the gap for fiscal year 2012 at at least \$145 million. But that figure now stands at "close to \$200 million," Leggett said.

"I understand the Council's desire to avoid these spending cuts and the resulting reductions in County services, so do I," Leggett wrote. "However, economic conditions, downward revenue trends, and the rejection of the [Emergency Medical Services Transport] fee permit no alternative course of action to maintaining a responsible and balanced budget."

Council president Nancy Floreen (D-At Large) said the county took tough steps last year to outline limits on spending over a six-year period to keep the county's budget balanced. That, she said, is what Leggett and the executive branch are now "bumping up against."

"Montgomery is not different than the state of Maryland or, at this point, the federal government in terms of looking at a disconnect between resources and the cost of government," Floreen said.

Floreen said Leggett's letter represents "a notice to the public that we're going to have to tighten our belts even tighter than Ike had initially proposed."

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